

**Transmittal to  
Small Business Regulatory Review Board  
of Proposed Administrative Rule  
Wis. Stats., 227.14(2g)**

**Subject:**

Increasing Wisconsin's Minimum Wages

**Statutory Authority (including citation authorizing new or increased fees):**

Sections 104.04 and 227.11, Stats.

**Analysis per Wis. Stats., 227.114(2) & (3) and 227.14(2):**

The rule will have an effect on small businesses, which s. 227.114 (1), Stats., defines as 25 or fewer employees or less than \$5 million in gross annual sales. The primary businesses affected by the rule will be those related to food preparation and serving, personal care and services, and retail trade. The Department has considered the methods listed in s. 227.114 (2), Stats., for reducing the impact of the rule on small businesses. There are no reporting, bookkeeping, or professional skills required for compliance with the rule.

The rule requires businesses to pay affected employees at least the specified minimum wage. Higher wages will have a positive impact on both workers and their employers by reducing turnover, increasing work experience, and saving on training and recruitment costs for both workers and employers. Any increase in the cost of doing business will likely be passed on to consumers as part of the price of the product or service being purchased.

The exemption of small businesses from the requirements of the rule would be contrary to the statutory objectives that are the basis for the rule. Pursuant to Chapter 104, Stats., the primary purpose of the minimum wage is to require that every wage paid by any employer to any employee is sufficient to enable the employee receiving it to maintain himself or herself under conditions of reasonable comfort, reasonable physical well-being, decency, and moral well-being. The Department estimates that a very high percentage of workers affected by this minimum wage increase work for employers with 25 or fewer employees or less than \$5 million in gross annual sales. If the rule exempted these employers from minimum wage coverage, it would render the minimum wage nearly meaningless.

The Department ensures the accuracy, integrity, objectivity, and consistency of the data used in the analysis. Data was used from the following sources:

- U.S. Department of Labor, Bureau of Labor Statistics
- U.S. Department of Commerce, Bureau of the Census, Current Population Survey
- Department of Workforce Development, Bureau of Workforce Information, Occupational Employment Statistics Program
- Department of Workforce Development, Bureau of Workforce Information, Quarterly Census of Employment and Wages

The following studies were reviewed:

- *Raising the Floor: Who Would Benefit from a Minimum Wage Increase in Wisconsin*. 2003. The Center on Wisconsin Strategy, University of Wisconsin-Madison.
- Baiman, Ron, Marc Doussard, Sharon Mastracci, Joe Persky, and Nik Theodore. 2003. *Raising and Maintaining the Value of the State Minimum Wage: An Economic Impact Study of Illinois*. Center for Urban Economic Development, University of Illinois-Chicago.
- Card, David and Alan Krueger. 1995. *Myth and Measurement: The New Economics of the Minimum Wage*. Princeton, N.J.: Princeton University Press.
- Garthwaite, Craig. *Economic Effects of Minimum Wage Increases*. Washington D.C.: Employment Policies Institute.

### **Forms, Definitions and Acronyms: (include or list where they can be found)**

Existing definitions are at s. DWD 272.01, and a new definition for “minor employee” is created in Section 1 of the emergency rule.

### **Agency Small Business Outreach, Wis. Stats. 227.114(4):**

The rule incorporates the recommendations of the Minimum Wage Advisory Council that was appointed by Governor Doyle in January 2004. The business representatives on the Advisory Council included:

- Bill Smith, State Director of the National Federation of Independent Business
- Ed Lump, President/CEO of the Wisconsin Restaurant Association
- Chris Tackett, President/CEO of the Wisconsin Merchants Federation
- Brandon Scholz, President/CEO of the Wisconsin Grocers Association
- James Buchen, Vice President of Government Relations for Wisconsin Manufacturers and Commerce
- Craig Culver, Cofounder of Culver's Restaurants

The Department contacted or received input from the following organizations regarding the agricultural minimum wage rate:

- Wisconsin Farm Bureau Federation
- National Farmers Organization
- Dairy Business Association
- Wisconsin Soybean Association
- Wisconsin State Cranberry Growers Association
- Wisconsin Agri-Service Association
- Midwest Food Processors
- Wisconsin Christmas Tree Producers Association
- Wisconsin Christmas Tree Growers Association
- Wisconsin Honey Producers Association
- Wisconsin Maple Syrup Producers
- Wisconsin Potato and Vegetable Growers Association
- Wisconsin Sod Producers Association
- Wisconsin Corn Growers
- Wisconsin Agribusiness Council

The camp counselor rate was determined with input from the Wisconsin Section of the American Camping Association and the Wisconsin Jewish Conference.

The golf caddy rate was determined with input from the Wisconsin State Golf Association.

The hearing notice for this rule contains a statement that the rule may have an impact on small businesses. Email comments were accepted to allow small businesses to submit comments on the rule with reduced cost and complexity.

**Comments Received on Rule (include where they can be found)**

No comments were received. Representatives from the Wisconsin Restaurant Association, Greater Madison Chamber of Commerce, Wisconsin Association of Convention and Visitors Bureaus, and the Association of Wisconsin Tourist Attractions registered support for the proposed rule at the public hearing.

**Enforcement Provisions**

Section 104.12, Stats., governs the Department's authority to enforce payment of the minimum wage.

**Names and Phone Numbers of Agency Contacts:**

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**Authorized Agency Signature/Telephone No.**



Secretary Roberta Gassman

267-1410

**Date**

6/21/05